

**VAN NUYS AIRPORT CITIZENS ADVISORY COUNCIL**  
**Tuesday, February 1, 2011**  
**MINUTES**

A meeting of the Van Nuys Airport Citizens Advisory Council (CAC) was called to order at 7:07 p.m. by Rick Flam. Members present: Rick Flam, Don Schultz, Ken Miller, Ron Merkin, Elliot Sanders, Roger Oeland, David Bernardoni, Harold Sullivan, Bob Jackson, Wayne Williams, Gerald Silver, David Rankell, Wendy Saunders, Laurence, Harold Lee, Chris Nassif

Members Absent: Bob Frazier

The Council vacancy as of May 4 is as follows: one appointment from the Office of Councilmember Alarcon.

The minutes from January 3, 2011 meeting were unanimously approved.

## **1.) STAFF REPORTS**

### **A. Prop Park – Discussion/Action**

Mr. Flam stated that Mr. Steve Martin, LAWA's Chief Operating Officer, is present to answer questions in the letter from Mr. Flam dated January 25, 2011, regarding the development of Prop Park and Maguire Aviation.

Question No. 1 – Is LAWA prepared to immediately confirm, and issue required authorizations, that would allow the developer of the Prop Park to commence construction?

Question No. 2 – If the answer to question 1. above is anything other than an "unqualified" YES, please be prepared to state exactly why that is not case given that the project has been under review for more than three years?

Mr. Martin stated that the California Environmental Qualities Act (CEQA) approval process is at 99% as of the latest email he has received. The CEQA approval is ahead of the lease due to a new finance plan that is more complicated. The CEQA part may go to the Board of Airport Commissioners (BOAC) for approval in advance of the lease. It could take more than a month for the lease to be ready to go to the BOAC for approval.

Mr. Flam asked if the City Attorney has seen any of the lease documents at this point.

Mr. Martin stated that the original lease documents were drafted by the City Attorney; however in November/December 2010 Prop Park's plan of finance changed significantly and therefore needs to be reviewed/approved as revised. Originally, the finance plan was to go through a commercial bank to obtain a construction loan. The new deal will be a tax exempt bond financing according to the Prop Park developer.

Mr. Flam asked who in the City Attorney's office is the lead for this item.

Mr. Martin stated that the LAWA City Attorney handling the Prop Park is Michael Ty.

Mr. Flam stated he eluded in his letter the importance of the Prop Park to this community.

Question No. 3 – What immediate action is LAWA prepared to take to insure the approval of the Prop Park plans and does LAWA understand the importance of the Prop Park to the continuation of piston engine operations at VNY? Please be prepared to state in detail the steps that LAWA has taken to date to expedite the commencement of construction of the Prop Park?

Mr. Martin stated that the Environmental approvals have been what have taken the longest in this process.

Mr. Flam asked if the delay for the CEQA has been due to the developer not hiring an independent consultant.

Mr. Martin stated he is not aware if hiring a consultant would have made the CEQA process move any faster.

Mr. Flam asked if there is any reason why the last 1% of the environmental would not go through.

Mr. Martin stated that he does not know what the 1% refers to but he has asked staff to push the environmental even before the lease.

Mr. Flam asked who is the lead LAWA person for the Prop Park development.

Mr. Martin stated that it is Debbie Bowers, LAWA Commercial Development Deputy Executive Director.

Mr. Flam asked if the non-finance issues have been resolved.

Mr. Martin stated that the new documents are being drafted between lawyers.

Mr. Silver asked if a Negative Declaration is less extensive/comprehensive than an Environmental Impact Report (EIR) or Mitigating Negative Declaration.

Mr. Argubright, the Prop Park Developer, stated that a Negative Declaration is more time consuming. He also stated that at 3:00 p.m. today he received an email that the Negative Declaration is 99.9% complete.

Mr. Silver asked isn't bond finance more time consuming.

Mr. Martin stated that yes it is, however it has benefits.

Mr. Bernardoni asked if there are any deadlines set for this project to move forward.

Mr. Martin stated that six documents need to be completed in order for this to move forward. Each one of these documents is new except for the lease. The lender and Prop Park developer will have to find a middle ground to agree upon.

Mr. Nassif asked who is engaging the bank.

Mr. Martin stated that the Prop Park developer will engage the bank and bond issuer.

Mr. Nassif asked if the bank name could be disclosed.

Mr. Argubright stated that the facilitator is Deutsch Bank and the bond issuer is Merrill Lynch.

Mr. Flam thanked Mr. Martin for his candor and attending the meeting tonight. He also pled with Mr. Martin to get this project off the ground and he will follow-up with him periodically on the status.

Mr. Martin stated that he has and continues to work on this project and that the new finance structure is much better economically, although complicated to execute.

Mr. Williams stated that deadlines make people move and shows urgency, can this be used in this particular case.

Mr. Martin stated that hard deadlines could break the deal and we are trying to make this deal happen.

Mr. Sanders asked if the Prop Park would be eligible for the Enterprise Zone benefits.

Mr. Martin stated that the Prop Park is an automatically tax-exempt project.

Mr. Argubright stated the Enterprise Zone will help the businesses that move into the Prop Park.

Mr. Miller stated that the motivation should be strong on LAWA's side to complete this project since revenue is being lost.

Mr. Martin stated that LAWA wants to complete this project.

Mr. Flam stated that there has been discussion that LAWA is delaying this project in order to get a jet operator in.

Mr. Martin stated that this is untrue.

Mr. Schultz asked if the documents are now with the City Attorney for processing.

Mr. Martin stated that this item will not simply sit with the City Attorney indefinitely. Staff will check on the status often to make sure it is moving ahead.

Mr. Flam created a new sub-committee to be headed by Chris Nassif to follow-up with the City Attorney on the status of the Prop Park. This item will also be agendaized for the March meeting.

Mr. Martin next discussed the part of Mr. Flam's letter regarding Maguire Aviation failing to meet its leasehold commitments, specifically, to commence construction of contractually required leasehold improvements within the time period provided in its lease. Mr. Martin stated that Maguire has been sent a "Notice of Default". He also stated that what was in the original Skytrails lease regarding construction does not make sense in today's market and LAWA is trying to work with Maguire to develop a plan that works in today's market. Maguire was sent forbearance for one year at their bank's request and that letter has expired.

Mr. Flam asked why a "big operator" such as Maguire get to change their lease commitments, however smaller companies at VNY don't get the same treatment.

Mr. Martin stated that there are a series of parcels on the airport where investment has not gotten off the ground.

Mr. Flam asked if Maguire is in default but paying rent, why isn't LAWA telling them to pay more rent for not fulfilling their obligation to build. He also stated that they are questioned often why the rules are different for Maguire versus the small VNY company.

Mr. Martin stated that issues related to Maguire's lease have been discussed with Maguire and the BOAC. He also stated that we are currently working a plan of finance with Maguire to get the construction done.

Mr. Flam asked if that would require a lease modification.

Mr. Martin stated yes.

Mr. Flam asked if the CAC will be allowed to review this lease.

Mr. Martin stated that if the CAC wants to review the lease they could. However, this lease is not ready yet.

Mr. Flam asked how the loss of one FBO would be a loss to the other FBOs/companies at VNY.

Mr. Martin stated that LAWA has decided to negotiate with Maguire and to not terminate the lease due to the harmful effects to every tenant at VNY in terms of developing financing for their projects.

Mr. Flam asked what bank is financing the project.

Mr. Martin stated that it is Pacific Western Bank. They are a bank that looks at projects at this airport. Mr. Martin met with them about working this out and they are interested in VNY and want to do business at VNY.

Mr. Flam stated that Maguire gets a benefit by not developing Skytrails by not putting up any money.

Mr. Martin stated that there is a benefit and disbenefit.

Mr. Flam asked what the disbenefit is.

Mr. Martin stated that if a deal is worked out to develop, the amount of time left on the lease during which they can make that deal work is reducing everyday that goes by.

Mr. Flam asked if they are negotiating all the leases in this deal.

Mr. Martin stated that he does not want to get into lease negotiations but one of the benefits they are seeking is to cross-default the leases where if they don't perform on one lease, Maguire is disadvantaged on more than one. But this is a complicated negotiation and they have a number of leaseholds.

Mr. Flam asked if there is a chance that Maguire is in default on any of their other leases.

Mr. Martin stated that he is not aware of any other notice of default.

Mr. Flam asked that they could however be in default without a notice of default having been sent.

Mr. Martin stated yes.

Mr. Flam asked if he could provide the CAC with this information at a later time.

Mr. Martin stated he would provide the information.

Mr. Sanders stated that one of the FBOs at VNY, Pentastar, has proposed to expand their facility but it has gotten nowhere.

Mr. Martin stated that Pentastar pulled out in late 2008. We were negotiating with them and they withdrew.

Mr. Sanders asked if they gave a reason.

Mr. Martin stated that he believes the ownership of Pentastar has reconsidered if they want to stay in the business they are in. He thinks they are making a decision about when their lease expires if they want to stay in this business let alone VNY.

Mr. Jackson asked which of the two Skytrails leases we are speaking of. He asked how Skytrails South is doing and what are we doing down their.

Mr. Martin stated that he believes that the Skytrails North and Skytrails South leases are cross default structures so if they are in default on one they are in default on the other.

Mr. Jackson asked if there is an artist rendering of Skytrails North. And he also wants to know what the problem is on Daily Drive.

Mr. Martin stated that he could provide an artist rendering to the CAC. Daily Drive was put out for RFP three years ago with four respondents and three of them pulled out, except for Castle & Cooke.

Mr. Schultz asked how many other FBOs have two or more leases.

Ms. Bowers stated that no other FBO has two or more leases.

Mr. Flam asked if there is a better time than now to combine all the Maguire leases.

Mr. Martin stated that the Maguire leases are not geographically adjacent and they may not optimally be under one umbrella. He stated that he doesn't know if it's a good time to tackle the leases one by one or all together and that we are just trying to get things built. Taking the negative approach is not the right thing to do in this climate.

Mr. Flam thanked my Mr. Martin for attending the meeting and being so informative. He also stated that he will send him a separate follow-up letter with other items that were not discussed.

## **B. Helicopter Routes Motion – Discussion/Action**

Mr. Ellis stated that VNY has requested that the FAA prepare a written response to us in regards to the helicopter routes test that the CAC has requested. The draft response has been sent to the FAA Headquarters in Washington, DC for finalization.

Mr. Flam asked how long it will take to get a response back.

Mr. Ellis stated that he does not know when the FAA will respond.

Mr. Flam asked for the name of the FAA representative handling this item.

Mr. Ellis stated that he will provide this name to the CAC.

## **C. Air Operations Report by Aircraft type – Discussion/Action**

Mr. Krugler stated that Mr. Tatro emailed Mr. Silver with a response to his request for a breakdown list of aircraft that operate at VNY. In the response Mr. Tatro stated the procedure we now use in obtaining quarterly report information. The current system is unable to generate an operations report by aircraft type.

Mr. Silver stated that he was unaware that they were using different software.

Mr. Flam stated that Mr. Silver and Mr. Krugler should speak about this request off-line. He also stated that this item will remain on the March agenda for a report back from Mr. Silver on his findings.

## **2.) REPORT FROM CHAIR**

No report from the Chair.

## **3.) BOAC AGENDA ITEMS CONCERNING VNY**

Please refer to Item number 5 in the minutes.

## **4.) PUBLIC COMMENT**

Mr. Argubright stated that he feels a lot better about the Prop Park Development in the past couple of weeks and things are moving forward.

Mr. Flam stated how many jobs are being created with this project.

Mr. Argubright stated that the project is over \$28 million and every bit of it is locally spent.

Mr. Flam stated that assuming everything gets signed off, when will this project be “shovel ready”.

Mr. Argubright stated that this project has different start dates for all the different aspects of the development. He also stated that we will see activity immediately.

Mr. Flam stated that he looks forward to seeing Mr. Argubright at next month’s meeting with hopefully continued good news.

Mr. Robert Rodine, Principal Consultant, The Polaris Group, stated that in regards to Maguire it is in the City's interest to make sure the improvements and what is being built makes sense not only now but in 30 years when the lease expires. He stated that LAWA is doing proper due diligence in making sure that the building that is built isn't just in conformity with what was in the plans when Maguire acquired the property.

Mr. Flam stated that he thinks his comments are way off base and reflect his personal opinion. And he appreciates him sharing this with the CAC.

Ms. Cindy Goodfellow of Aerolease Associates thanked Mr. Rodine for the report he created and is glad to see that the Prop Park is moving forward. She also stated that she supports LAWA working with Maguire in developing the land and keeping them around. She believes keeping them around is going to bring people back to work.

Mr. Joe Barber of TWC Aviation stated that the charter economy has had the best month since October 2007, an upward trend in the last three months compared to the past five years at least in jet operations.

Ms. Goodfellow stated that the irrigation along Hayvenhurst is working and she takes pictures of the progress.

## **5.) NEW BUSINESS**

### **A. Aviation Plaza (Van Nuys Airport Admin Office) Lease**

Mr. Flam stated that a CAC Resolution was passed some time ago requesting advance notice of these leasehold approvals for review/approval. He stated that they don't receive these documents until the night before the meeting.

Mr. Ellis stated that he will work with Ms. Bowers Office to make sure the CAC is provided with these documents in advance. He also stated that there have been staffing and duty changes.

Ms. Sanchez stated that she was under the impression that everyone received a copy of the lease agreement for Aviation Plaza.

Mr. Flam stated that he did not receive it.

Mr. Merkin stated that he did receive it with the Agenda and Minutes one week before the meeting. However, the CAC cannot discuss the item until the meeting and this does not give them enough time to take an action on the item.

Mr. Flam stated that in the past Mr. Domash would notify them well in advance and provide this type of document to the CAC in order to discuss in their next meeting

Ms. Sanchez stated that this item is not agendized for the next BOAC Meeting.

Mr. Flam stated that since it is not on the BOAC Agenda this item should remain on the CAC March Agenda and perhaps Mr. Domash could attend and discuss the item at that meeting.

## **6.) OLD BUSINESS**

**A. Committee Reports – Discussion/Action**

Mr. Rodine, the Chairman of the VNY Financial Performance Ad hoc Review Committee, stated that he prepared a document per Mr. Flam's request titled "Analysis of Financial Performance for VNY". He distributed a copy of this report to the CAC.

Mr. Flam thanked Mr. Rodine for volunteering to prepare this document.

Mr. Rodine discussed certain points in the report.

Mr. Flam asked the CAC to review this report and make note of any comments or questions they have for Mr. Rodine. He also stated this item be added to the March Agenda for comments.

Mr. Merkin stated that he is thankful to everyone who has submitted their Bio's.

Ms. Sanchez stated that the only one missing is Bob Jackson.

Mr. Merkin also reminded Ms. Sanchez to add the time of the CAC Meeting to the website.

Mr. Merkin stated that he has found on Hayvenhurst, north of Sherman Way, somebody from Maintenance has been laying down fertilizer in the past few days. He is not aware how the irrigation is working along Hayvenhurst. He really likes the ground covering.

Mr. Ellis stated that they are still working on the tree well issue.

Mr. Merkin stated that the Sod Farm is looking a lot better now.

Mr. Flam requested an update on the VNY Golf Course at the next meeting. This item will be agendized for the March meeting.

Mr. Merkin stated that last month he requested line item budget reports for Public and Community Relations including marketing. He will look at Mr. Rodine's report for some of this information.

**7.) EMERGENCY ITEMS SINCE POSTING OF AGENDA – Discussion/Action**

No items were discussed.

**8.) ADVISORY COUNCIL MEMBERS' COMMENTS – NON-AGENDA ITEMS**

Mr. Jackson stated that CAC is still one member shy from Councilman Alarcon's Office. He will follow-up with the Councilman's Office.

Mr. Williams thanked everyone including staff and political people involved and everybody who stepped up and listened to them and helped the CAC make things happen.

Mr. Flam thanked members of the Council for their time and he thanked Jim Bickhart from the Mayor's Office.

**9) ADJOURNMENT:**

9:20 p.m.